

All Country International Strategy Update

Fourth Quarter, 2020



Portfolio Review

A composite of accounts invested in the Boston Common All Country International Equity strategy rose +19.6% before fees, comfortably outperforming the MSCI ACWIxUS Index (“the Index”). The strategy’s 2020 calendar year return was +26.3%, significantly outperforming the Index’s annual return of +10.7%. Strong stock selection in Industrials, Technology, and Discretionary, as well as in Europe and Emerging Markets, were the leading contributors to annual performance. The Financials and Materials sectors detracted from calendar year relative returns.

For the quarter, our overweight of Technology and strong stock selection made the sector the largest contributor to performance. Our semiconductor holdings led the way as Xinyi Solar, SK Hynix, and Taiwan Semiconductor benefited from stronger than expected demand. German power semiconductor company Infineon advanced with a recovery in auto production, especially electric vehicles. The Financials sector also helped performance with strong returns from emerging market banks, HDFC in India, Bank Rakyat in Indonesia, and Itau Unibanco in Brazil. Industrials continued their outperformance, as our European holdings Vestas Wind, Schneider Electric, and Ferguson delivered better-than-expected results. Emerging Markets were the leading regional contributor. Japan was the other top regional contributor, with 20%+ returns from holdings NTT, Yamaha, Orix, Hoya, Daikin, Shiseido, and Keyence. Other strong performers were Chinese Electric Vehicle maker BYD and Danish offshore wind farm developer Orsted.

Poor stock selection in Consumer Discretionary was the largest detractor from relative performance. Alibaba was pressured by China’s regulatory pressure on the founder Jack Ma and its affiliate Ant Financial. Our underweight of luxury goods also hurt results as those stocks benefited from better-than-expected trends. In addition, commodity price rallies caused our underweight of oil and metal stocks to detract from performance. From a regional perspective, Europe was the largest detractor. German software company SAP disappointed with lower profit estimates as it transitions customers to cloud services. Swedish personal care company Essity was held back by weakness in its professional hygiene business, which caters to hotels, restaurants, and offices. Consumer Staples and Healthcare holdings accounted for six of the bottom ten contributors: Unilever, Roche, Novo Nordisk, GlaxoSmithKline, and BioMerieux. Other notable detractors were German real estate firm Vonovia and Russian Internet search leader Yandex.

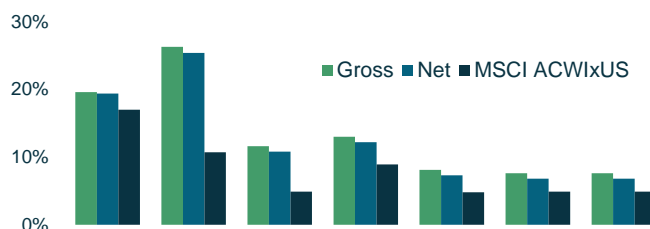
Portfolio Activity

Among our transactions this quarter we purchased UK homebuilder Barratt Developers. Barratt operates outside London metro, focused on the mid-price segment. With Brexit principles agreed to, reduced uncertainty is likely to improve performance. Despite being an ESG leader with strong customer satisfaction, Barratt trades at a material discount its long-term historical valuation and has improved its balance sheet significantly compared with the 2008-09 crisis. In Korea, we acquired LG Chem, a chemicals firm and leading producer of lithium-ion batteries for Electric Vehicles. LG Chem’s battery segment turned profitable this year, and we view the stock as very attractive relative to peers. We also purchased Japanese electronics components supplier

TDK. The company has a strong position in small/mid-sized rechargeable batteries and benefits from rising demand in smartphones, thin laptops, wearables and power tools. TDK’s passive components and sensor business are expected to improve with automotive recovery and growth of Electric Vehicles. TDK trades at an attractive valuation relative to its growth outlook and peers.

We sold Dutch semi-equipment supplier ASML and semiconductor maker Sunny Optical. Both stocks, especially ASML, had been stellar performers, but given the run-up in valuations we saw better risk-reward in other ideas. We exited French diagnostic company BioMerieux as the vaccine rollout could reduce demand for its testing kit and the stock’s valuation looked elevated. We also sold Beijing Enterprises Water, a utility in which we held a small position, consolidating it in another defensive holding.

Performance



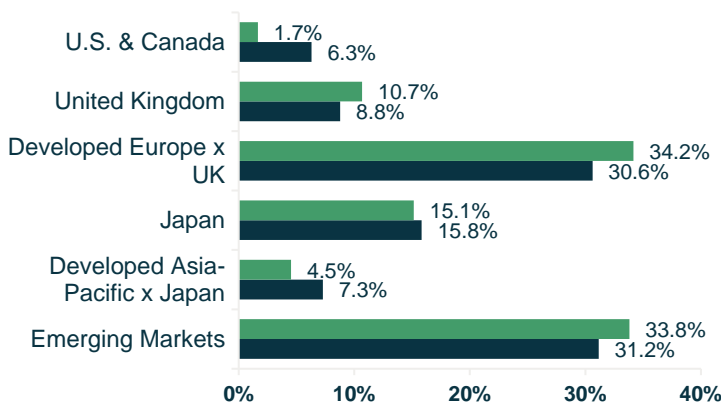
	QTD	1Yr	3Yr	5Yr	7Yr	10Yr	Since Inception*
Gross	19.6%	26.3%	11.6%	13.0%	8.1%	7.6%	7.6%
Net	19.4%	25.4%	10.8%	12.2%	7.3%	6.8%	6.8%
MSCI ACWIxUS	17.0%	10.7%	4.9%	8.9%	4.8%	4.9%	4.9%

Portfolio Characteristics

	Boston Common	MSCI ACWIxUS
# Holdings	62	2,360
Valuation		
Price/EPS (NTM)	20.0	17.2
Enterprise Value/EBITDA (NTM)	13.1	10.5
Price/Book	2.8	2.1
Price/Sales	2.3	1.6
Dividend Yield	1.6%	2.2%
Growth		
3yr EPS Consensus Growth	7.8%	6.0%
3yr Sales consensus Growth	4.6%	1.6%
Quality		
Beta**	0.96	1.00
LT Debt to Cap.	29.4%	30.0%
Net Debt to EBITDA	1.2	1.2
Return on Equity	10.3%	11.0%
Earnings Variability***	23.3%	26.6%
Free Cash Flow Yield	2.9%	4.7%

*Since Inception: December 31, 2010, ** The Beta calculation is based on the trailing five-year performance of a representative account within a portfolio's strategy, ***Variability is calculated as the mean absolute difference between actual earnings per share and a five-year historical growth trendline, expressed as a percentage of trendline.

Regional Allocation



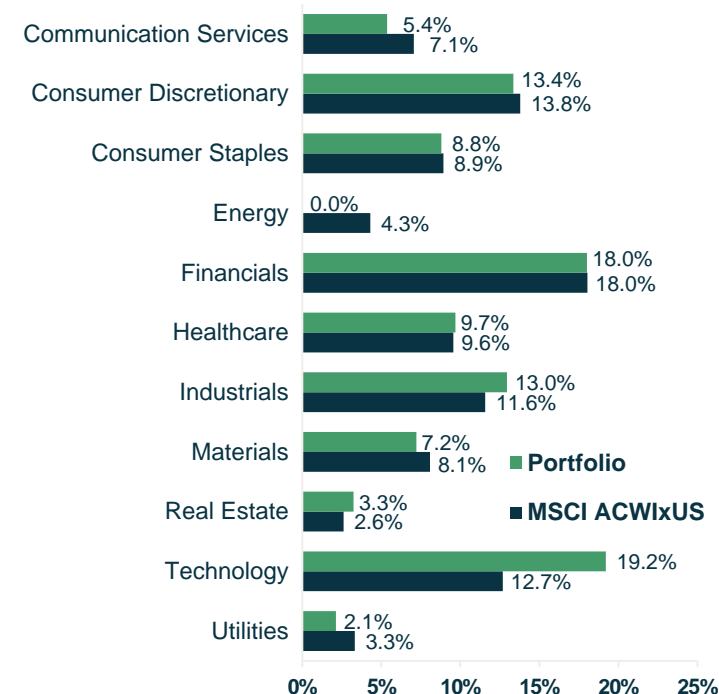
Portfolio Activity

Closed	Sector	% of Port.
ASML HOLDING NV	Technology	1.0%
BEIJING ENT WATER	Utilities	0.6%
BIOMERIEUX	Healthcare	1.2%
DASSAULT SYSTEMS	Technology	1.1%
DELTA ELECTRONICS INC GDR	Technology	0.2%
KALBE FARMA	Healthcare	1.6%
SUNNY OPTICAL TECH	Technology	1.0%
Total Closed		6.6%
New	Sector	% of Port.
BARRATT DEVEL	Consumer Discretionary	1.0%
LG CHEMICAL	Materials	2.0%
TDK CORP	Technology	1.1%
Total New		4.1%

Contributors & Detractors

Top 10	% of		Relative Contrib.	Sector
	Capital	Return		
BYD COMPANY LTD	2.5%	66.6%	1.17%	Consumer Discretionary
XINYI SOLAR HOLDINGS LTD	1.8%	65.1%	0.77%	Technology
SK HYNIX INC	1.7%	52.7%	0.55%	Technology
VESTAS WIND SYSTEM	2.2%	45.7%	0.55%	Industrials
HDFC BANK LTD	2.4%	44.6%	0.53%	Financials
ORSTED A/S	1.7%	48.2%	0.45%	Utilities
TAIWAN SEMICONDUCTOR	2.5%	35.1%	0.39%	Technology
BK RAKYAT	1.7%	45.4%	0.38%	Financials
ITAU UNIBANCO HLDG SA	1.3%	53.5%	0.38%	Financials
INFINEON TECHNOLOG	2.0%	35.8%	0.33%	Technology
			5.50%	
Bottom 10				
ALIBABA GROUP HLDG LTD	3.9%	-20.8%	-1.61%	Consumer Discretionary
SAP SE	1.6%	-16.3%	-0.59%	Technology
UNILEVER	2.5%	1.1%	-0.40%	Consumer Staples
ROCHE HLDGS	2.7%	1.9%	-0.39%	Healthcare
ESSITY AB	1.4%	-3.3%	-0.30%	Consumer Staples
NOVO NORDISK A/S	1.4%	1.1%	-0.24%	Healthcare
GLAXOSMITHKLINE PLC	1.2%	-1.0%	-0.22%	Healthcare
YANDEX N V	2.2%	6.7%	-0.22%	Communication Services
BIOMERIEUX	0.6%	-8.6%	-0.20%	Healthcare
VONOVIA SE	1.8%	6.4%	-0.19%	Real Estate
			-4.38%	

Sector Allocation



Shareowner Engagement Highlights

Ensuring COVID-19 Vaccines and Therapies are Affordable and Widely Accessible

Boston Common is part of a [group of investors](#) raising the pressure on drug makers to ensure COVID-19 vaccines and therapies are affordable and widely accessible. Shareholder resolutions were filed at pharma Companies* seeking to prioritize access and affordability over profits for COVID medicine developed using public funds.

*Eli Lilly, Gilead, J&J, Merck, Pfizer, & Regeneron

Addressing Racial Disparities in the Food and Beverage Industry

Boston Common is among the [investors that sent letters](#) to major food and beverage companies calling on them to examine how their business models, operations, and value chains may directly or indirectly contribute to racial inequities.

Maturing Approach to ESG Oversight and Disclosure in Emerging Markets and Asia

In the second half of 2020, we actively engaged our EM and Asian holdings* on advancing ESG oversight, management, and disclosure. This includes guidance related to future ESG disclosure, assessing and setting metrics and targets, and establishing clear oversight on ESG/Sustainability strategy. One clear priority is climate with net zero carbon goals being set in countries like China and Japan. We continued our multi-year dialogue with Bank Rakyat (BRI) on how they are addressing deforestation risk related to lending to commodities producers including palm oil.

*Beijing Enterprises Water Group, CTCM, LG Chem, NTT, Sundrug, Sunny Optical, Taiwan Semiconductor, and Xinyi Solar

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